

Nigeria takes lead with online shopping via mobile devices

Nigerian consumers are increasingly comfortable with online shopping - both from local retailers and foreign online stores - and are some of the world's most prolific users of mobile devices to do this shopping.



Image by 123RF

And forecast say they are going to stay out front when it comes to mobile commerce. This is according to a recent study conducted in Nigeria by Ipsos, a global market research company, on behalf of PayPal.

Mobile-savvy

According to the research, Nigeria is home to some of the keenest mobile shoppers on the African continent, and is also the third largest mobile commerce market in terms of the incidence of mobile shoppers amongst the countries that participated in the research. With 72% of online consumers shopping on a smartphone in Nigeria, the country follows China (86%) and India (82%) in terms of incidence of shopping via smartphone. The global average across the 29 surveyed markets is 47%.

A large majority of consumers pick smartphones to shop online both when shopping cross-border and locally in Nigeria. In terms of the value of this spend, consumers estimate that mobile shopping accounts for 38% of their total online spend, and 36% of cross-border purchases.

According to the forecasts, this trend is likely to continue: the survey predicts that mobile spend will increase by 39% to N78.3 billion in 2016, and by 31% to N102.2 billion by the end of the following year, from N56.2 billion in 2015.

The healthy growth rate forecast in 2016 tops out both China (38%) and UAE (35%). “Nigerian online shoppers have realised that the world is their shopping mall when it comes to buying what they need and want. They are no longer limited to what they can buy domestically, and are confidently scouring the globe for great deals, more choice, high quality and premier brands,” said PayPal’s general manager Africa and Israel, Efi Dahan. “And, they are doing so wherever and whenever they want to, using their mobile devices as an essential shopping tool.”

Online spend trends

Overall, online shopping in Nigeria is growing rapidly with 6 out of 10 Internet users in Nigeria shopping online in the 12-month period the survey covered. Total online spend is predicted to increase from N128.1 billion in 2015 (which itself was a jump of 58% from estimated spending in 2014) to N172 billion in 2016, up by 34% from the previous year. This growth continues to N217.7 billion in 2017 — 27% more than in 2016.

What’s more, 70% of Nigerian online shoppers indicated that they had purchased on international websites in the past 12 months, 6% of which shopped online only internationally. Meanwhile, just a third of the online shoppers (30%) exclusively shopped locally online.

The top 5 online cross-border purchase categories in Nigeria are (% cross-border shoppers who have purchased in each category from another country):

1. Digital entertainment and education e.g. e-books, digital downloads of music (55%)
2. Clothing, apparel, footwear and accessories (50%)
3. Consumer electronics (45%)
4. Jewellery and watches (43%)
5. Physical entertainment and education (e.g. books, dvds etc.) (35%)

Interestingly, this matches closely with what online shoppers around the world buy when shopping cross-border. For all shoppers surveyed in the global study, clothing was the top cross-border purchase; consumer electronics ranked second; digital entertainment and education, third; and physical entertainment and education, fifth.

The notable difference was travel, which ranked fourth amongst global cross-border shoppers. This goes to show how, when it comes to online shopping, borders really are meaningless, consumers take a global view, and we all share similar online shopping preferences.

Where Nigerians shop online

North America is the number one cross-border online shopping destination for Nigerians (with 48% of online shoppers having shopped in NA in the past 12 months). It is followed by Asia (40%) and Europe (36%). Intracontinental online shopping is also strong, with 15% of online shoppers shopping online in the rest of Africa ranking it the fourth biggest region for Nigerians, mainly from South Africa (11%).

The reasons Nigerians choose to shop in each country differ from location to location. Nigerians shop online in China to get better prices and discover new and interesting products. They choose to shop in the US and UK thanks to the reputation of the online store and the higher quality products they can buy.

International retailers wanting to attract Nigerians to shop online should pay attention to the factors that would make Nigerian online shoppers more likely to shop cross-border: free shipping (stated by 62% of online shoppers); faster delivery (60%); proof of product authenticity (58%); and a safe way to pay (54%) are the top four.

Drivers and barriers

For Nigerian shoppers, key deterrents to online cross-border purchases are shipping costs and security concerns about online payments.

Cost is both a motivation and a deterrent for online shoppers. 62% of online shoppers surveyed who do not currently shop cross-border claimed delivery shipping costs as the top barrier for starting to shop from websites in other countries. Additional barriers include concerns about not receiving the item purchased (54%) and concerns about customer support (53%).

“We can see two groups of drivers: shipping-related drivers such as free shipping, and faster delivery, and security-related drivers such as a safer way to pay, and proof of product authenticity,” said Dahan.

International payments

PayPal is, according to the research, the most popular way that Nigerians pay for cross-border online purchases, with 55% of Nigerian cross-border shoppers saying they have used PayPal for cross-border purchases in the past 12 months. Those who say that PayPal is their preferred method for cross-border say their reasons for preference are that it is a safer way to pay (63%), payments are processed quickly (56%), and it is a well-known and trusted brand (54%).

PayPal payments are followed by the next competitor at 51% incidence of usage. In general, Nigerian shoppers' payment preferences are based on fast payment processing (53% give this as a reason for preference), payment safety (46%) and convenience (45%).

“Given Nigerian consumers' preference for speed, security and convenience, it's not surprising that many Nigerians repeatedly use PayPal for their cross-border shopping whether using a laptop, tablet or smartphone to make the purchase,” said Dahan.

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